1999

GLOBAL LINK
INTERNATIONAL INC

ANNUAL REPORT

Integration is our strength.

Alan Smith Alice Lewis Blaine Gibson Brian Knight Bruce Greenwood Clint Richards Curtis Driver Curtis Pearson Dean Falkenberg Debbie Church Dennis Ranks Derek Begin Don Campbell Doug Nawrot Graeme Craigon Jody Land June McKiernon Kim Landry Mark Olszewski Nicki McArthur Peter Crabb Rob Burley Sheldon Roussel Steve Gusikoski Terry Phillips Wayne MacDonald

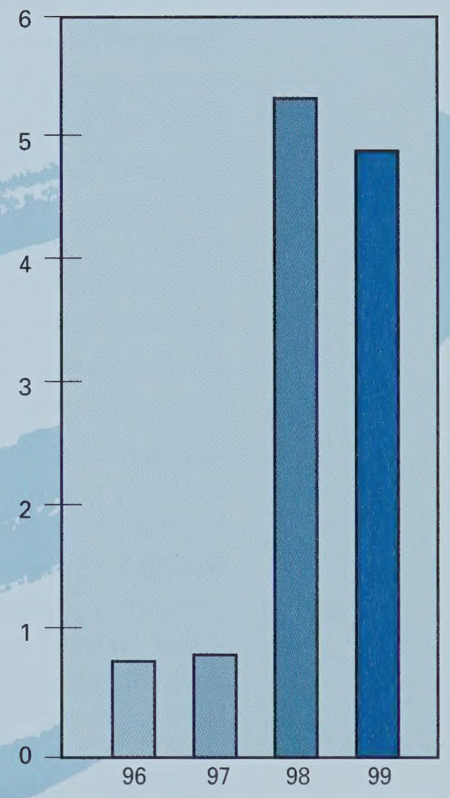
GLOBAL LINK
INTERNATIONAL INC

MISSION STATEMENT

With focus on continued growth and diversity through innovative technology, Global Link provides superior customer service and progressive opportunity for clients, shareholders and employees.

REVENUE

($ Millions)



1996	780,000
1997	835,000
1998	5,361,000
1999	4,977,042

ANNUAL AND SPECIAL MEETING

The Annual and Special Meeting of the Shareholders of Global Link International Inc. will be held in the Corral Room at the Palliser Hotel, 133 - 9th Avenue S.E., Calgary, Alberta at 10:00 a.m. on Thursday November 25, 1999. Shareholders are encouraged to attend and those unable to do so are requested to complete the Form of Proxy and forward it at their earliest convenience.

GLOBAL LINK
INTERNATIONAL INC

LETTER TO SHAREHOLDERS

Fiscal 1999 was a challenging year for Global Link International Inc. Commodity prices fell drastically, negatively affecting the activities and spending plans of our customers and therefore the performance of Global Link. In addition, we took several bold steps to move the Company in a new strategic direction, one that will fuel our future growth and success.

Integration is Our Strength

During fiscal 1999, Global Link embraced a well-defined strategic direction, and under this mandate, measured progress has already been made. To become a stronger more successful company, we needed to have a core business focus. As a result, Info.SCRIPT, our dispensary management software business, was sold by fiscal year-end, thereby enabling Global Link to concentrate its efforts solely on the oilfield sector. As well, earlier in the year we amalgamated our three operating divisions – communications, data gathering and portable gas detection – providing an integrated service for our customers. The synergy of offering these products and services as a bundled package has allowed for extended business opportunities in a marketplace that increasingly favours innovative corporations able to add specialized value and deliver efficient, total project solutions for customers.

Year in Review

Fiscal 1999 saw a collapse in world oil prices and a major slow down in energy industry activity. Although optimism is returning to the oil patch due to strengthening oil and gas prices, it will take time for our customers to adjust their capital budgets and expenditure levels in light of the improved prices. Therefore, a full recovery of our business is not likely to be evident until late fall or early winter. However, fiscal 2000 will be markedly improved over 1999.

Financial

For the fiscal year ended June 30, 1999, Global Link's revenues fell 7% to $4,977,000, while incurring a net loss of $(1,676,000) or $(0.09) per share. The cash position at June 30, 1999 increased by $28,905 over fiscal 1998. The overall financial decline was primarily a result of the industry downturn, the sale of our Info.SCRIPT division and final software development costs of our Electronic Tour Book (ETB). The Company's revenue mix for the period was as follows: 16% of revenue came from dispensary software, 49% from communications, 11% from data gathering, and the remaining 24% from portable gas detection services.

In response to decreased activity levels, we took aggressive steps to curb our operating costs through tighter expense controls and a reduction of staffing levels from 50 to 28, primarily in the software development area of our pharmacy division. One-time and non-recurring costs totaling approximately $685,000 included corporate reorganization costs, consulting expense to assist in implementing a unified accounting system, loss on sale of the pharmacy division, and ETB final development costs.

Operations

Our communications and portable gas detection businesses remained active despite the unstable environment. We maintained high utilization rates, over 70% on average, throughout the year in both areas. To ensure the continuity of Global Link's longer term growth, we expanded our training efforts. We put our field technicians through extensive training in all aspects of installation and service of the Company's integrated product lines, thereby reducing clients' operating costs.

Due to the weak commodity prices, industry slow-down and the resulting reduction of Capital budgets in October 1998, Precision Drilling Corporation cancelled an agreement worth $3.0 million per year to Global Link over three years. Under the terms of this agreement, we were to install and service our ETB on 150 of Precision's drilling rigs. Due to this significant change of events, we carefully re-evaluated the intended use of the ETB, and as a result, there was a major paradigm shift from the original contractor-focused system to one more suitable to the needs of the operator. Accordingly, the necessary modifications were made and the retailored product was released to the market in January and immediately installed on three rigs for Canadian 88 Energy Corp.

Subsequent to year-end, we formed an important strategic alliance with Ryan Energy Technologies Inc. to market their drilling data management system along with our ETB. The drilling data management system provides integrated geology and engineering solutions directly at the wellsite location. It is estimated that this arrangement will add revenues of over $400,000 to Global Link in fiscal 2000 and over $1.3 million in fiscal 2001.

The Year Ahead

As we begin fiscal 2000, I feel confident about the prospects for our Company. Following a year of integration, we are now reorganizing our middle management team as well as staffing-up our

GLOBAL LINK
INTERNATIONAL INC

technical field personnel to meet growing activity levels. With our new integrated business approach it is imperative that our sales and service staff are fully trained and highly knowledgeable in all three product lines. Global Link has placed a high priority on training programs that not only improve and expand technical abilities, but also develop the full potential and entrepreneurial spirit of our people. Along with hiring new personnel comes a necessary increase in our product inventory, and we are looking at expanding our entire rental fleet of computers, as well as communications equipment, intercoms and portable gas detection units in order to meet the anticipated demand.

Our future growth will be built upon technical prowess, quality service and the Global Link advantage – that is, we will continue to provide 'one-stop-shopping' for quality data gathering, analysis and transmission services.

Technology is a core competency of Global Link and a distinct and growing competitive advantage. During fiscal 2000, $180,000 will be invested in research and development of new technologies and methodologies that meet the needs of our customers while reducing their overall costs. Our goal is to be the service provider of choice, recognized as the principal resource for innovative, integrated solutions and quality services by providing the best value to our customers.

Through an aggressive sales and marketing program for our integrated suite of products and services, we look to strengthen our market position and significantly increase our domestic client base. For example, Global Link had at least one of its products installed on 212 of the 290 rigs operating in Canada during the 1998/1999 winter drilling season. It is anticipated there will be some 480 rigs in operation during calendar 1999, and it is our objective to maintain our market share. As well, we will work to strengthen existing relationships by supporting our Canadian customers as they expand their operations internationally.

We will continue to grow our business by focusing on our market niche while investigating and pursuing business opportunities – through mergers, acquisitions and strategic alliances – related to our core business that will broaden our operations and increase our long-term profitability.

Our business is operating in a challenging, competitive environment that remains full of potential. As a result, Global Link is building momentum and we are better positioned than ever to capitalize

on the opportunities that lie before us. Integration is the key to our success, and progress under this strategy is encouraging and has provided a solid foundation for growth.

I am pleased to announce that Mr. Alan Smith, CA has been appointed Vice President, Finance of Global Link. Alan is an experienced corporate controller who has strengthened our accounting department and will lead us through our future financial success. I extend my appreciation to the Global Link Board of Directors for their counsel and hard work on behalf of our Company, as well as to our employees, customers and shareholders for their ongoing show of support and confidence. We look to the new millennium with confidence, enthusiasm and optimism.

On behalf of the Board of Directors,

Derek M. Begin
President and Chief Executive Officer
September 7, 1999

MANAGEMENT'S DISCUSSION AND ANALYSIS

Integrated Solutions

Global Link offers a complete suite of integrated solutions providing communication, data management and portable gas detection services. This new paradigm in simplicity and value enables detailed data to be gathered at remote wellsite locations and sent directly to the client's database and desktop computer for easy internal or external distribution. Our focus and investment over the past year has positioned Global Link as a technology leader with developed solutions which meet the needs of our customers.

Communication – Global Link offers an all-encompassing communication solution to clients – from providing on-site hardware such as hazardous area phones, switchboards, cellular phones, satellites, secure encryption data and voice transmission, to being a recognized Telus Mobility dealer.

Data Management – Integrated hardware, software and communication technology provides complete computing solutions to remote users. Computer operating systems, such as Tier I notebook computers which provide data management with cellular and satellite capable modems, as well as software applications are supported in-house by our highly skilled technicians.

Portable Gas Detection is an essential tool in determining hydrocarbon shows, multiple pay and elusive oil and gas bearing zones. Global Link provides accurate evaluation of gases liberated, produced and recycled during the drilling process.

Results of Operations

Fiscal 1999 was a challenging year for Global Link. The fall in commodity prices and the drop in rig utilization meant our business also declined, this while we were merging three separate and distinct operations into one. We are pleased to see the industry is turning around and that we are now well positioned to reap the rewards of our new business focus.

For the fiscal year ended June 30, 1999, revenues declined 7% to $4,977,042 from $5,361,087 the prior year. Despite the difficult year of transition and falling commodity prices, we were able to maintain 93% of the previous year's sales.

Gross margin was $3,687,458 or 74% of sales compared to $3,334,814 or 62% of sales in fiscal 1998. Net loss for the year increased to $1,675,626, or $0.09 per share, from earnings the prior year of $176,745 or $0.01 per share. This can be attributed to increased consultants' costs incurred during the business combination, the ongoing development of Info.SCRIPT and ETB software, increased amortization costs, loss on sale of Info.SCRIPT, inventory and fixed asset writedowns, as well as increased interest costs.

In late fiscal 1999, it was determined that Global Link could best maximize shareholder value by concentrating our efforts on our core business - the oilfield service sector. The pharmacy division was put on the market and sold effective June 30, 1999. This has resulted in a stronger, more focussed organization that is better able to take advantage of the current industry upswing.

Communication provided 49% of the Company's total revenue. Satellite, cellular and intercoms are an essential service that is continuing to grow and will again provide a strong source of revenue in the coming year. Computers, software and communication packages are also key components to our revenue stream. All field computers are "mirror imaged" so that a new system can be operational within hours should a field breakdown occur. As new contracts are secured, we will be upgrading equipment and purchasing new hardware in order to handle our new commitments. Global Link is the market leader in this industry sector.

Data management represented 11% of our year's total revenue. During the 1998 fourth quarter, the Electronic Tour Book (ETB) was functionally changed to service not only the needs of the contractor, but also those of the operator. Generally operator's daily functions include preparing morning reports, AEUB forms, daily costs, drill stem testing reports, bit records, casing tallies, casing reports, cementing reports and time depth curve analysis. These reports are transferred electronically to a client database or e-mailed to partners automatically. Generally contractors daily functions include preparing tour sheets, morning reports, client billing, payroll and time depth analysis. These reports are transferred electronically to contractors in the same way as operator reports. Accordingly, the ETB has been refined to support the needs of both the operator and contractor.

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Software development goes through seven distinct phases before the final product is marketable:

1. Vision
2. Concept
3. Design
4. Development
5. Production
6. Launch
7. Sustain the product in the marketplace

Sustain
Launch
Production
Development
Design
Concept
Vision

Currently, our ETB is in the sixth or launch phase of this cycle, and as a result, research and development costs will drop from $350,000 recorded in fiscal 1999 to approximately $180,000 in fiscal 2000. While we will continue to allocate funds to research and development efforts, primarily to maintain and augment our technology, such spending is expected to decrease as a percentage of direct costs.

Portable gas detection provided 24% of Global Link's total revenue. This business unit has continued to show strong revenue, especially in January and February when we were at full utilization. The Company has a strong, dedicated clientele in gas detection. With superior in-house service and field support, we look to see this business grow.

Liquidity and Capital Resources

Cash generated from operating activities totaled $174,506 in fiscal 1999. This was offset by financing costs of $102,407 and investing activities totaling $43,194, resulting in a net increase in cash resources of $28,905 at June 30, 1999. One-time costs included contract consultants to implement a unified accounting system, corporate reorganization costs, employee severance costs resulting from acquisitions, final development costs of pharmacy software before the sale of the division, as well as development costs associated with converting ETB software to an operator-focused program.

As discussed in Note 8 to the consolidated financial statements, the preferred shares issued in fiscal 1998 to finance the purchase of Blizzard Resources and Bearspaw Logging were changed to convertible debentures during fiscal 1999. Due to the retractable and redeemable nature of the preferred shares, Canada's generally accepted accounting principles required that they be recorded as debt on the balance sheet and the dividends be recorded as a charge against income. The dividends, however, were not deductible for tax purposes which resulted in higher net interest costs. The primary reason for the change, therefore, was to gain tax deductibility on the interest payments that will be beneficial to the Company when we are generating positive taxable net income.

From a purely financial perspective, fiscal 1999 can be characterized as a transitional year with substantial spending and resource allocation directed towards non-recurring costs. The Company started fiscal 2000 with leaner G & A costs, tighter financial controls, a clean balance sheet and a Company-wide focus on our core business. Fiscal 1999 was about investing in our future, and we remain confident that fiscal 2000 will deliver the beginnings of a strong return on this investment for our shareholders.

Share Price Performance

Global Link's fiscal 1999 share performance can be characterized as unacceptable. We believe this was due to three key underlying factors:

1. The downturn in commodity prices on the world market and the erosion of investor confidence in the oil and gas industry. We will endeavor to remedy this situation by improving capital market communications as well as pursuing institutional buying and brokerage coverage and analysis.

2. The loss of the Precision Drilling ETB contract. Due to this significant change of events, we carefully re-evaluated the intended use of the ETB. As a result, a major shift from the original contractor-focused system to one more suitable to the needs of the operator was completed and the product released to market. From an investment perspective, early high-technology markets are typically characterized by confusion and uncertainty, and for this reason corporate investor communication is critical.

3. Being listed on a small capital exchange and based in an area noted for its oil and gas start-ups rather than service and technology. The amalgamation of the Alberta and Vancouver stock exchanges is to be completed by December 31, 1999 which will alleviate much of the uncertainly of the health of Canada's junior exchanges. We feel confident that in the coming months, the market will begin to realize Global Link's true value.

Year 2000

The Year 2000 issue is due to the fact that some computer hardware and software only recognizes the last two digits of a year. It is widely believed that in the Year 2000, many computer systems will fail or not function properly. Global Link views this issue as significant and has taken steps to mitigate any negative effects of the Year 2000 issue.

We have completed an inventory of all Global Link products and services and determined that, from an internal perspective, each is Year 2000 compliant. To the extent that Global Link services incorporate various third party services (i.e. satellite companies) into a package product for customers, Global Link's services are reliant upon the performance of these third parties with respect to the Year 2000 issue. While we have attempted to ascertain whether these third parties are compliant, there can be no assurance granted in this regard.

Our efforts to identify and deal with any material issues related to the Year 2000 are ongoing. Because of the unique and uncertain nature of the Year 2000 problem, unanticipated problems remain a possibility. In spite of our efforts and due to factors which may be beyond Global Link's control, it remains uncertain as to exactly what extent, if any, we may be affected by the Year 2000 issue. Global Link will work to remain responsive in identifying and addressing any related issues as they arise.

Business Risk

As a young and still evolving oilfield service and technological company, Global Link faces several key risks in its business including possible commodity price downturns, emergence of superior competing technologies, retention of skilled employees, reliance on a relative few key suppliers and customers, and adequacy of capital and/or cash flow to pursue our business plan objectives. This list is not intended to be exhaustive, but merely to communicate to shareholders certain key risks faced by the Company in its business.

We attempt to mitigate these risks through various strategic and operating mechanisms such as ongoing research and investigation of leading edge technologies, growth through diversification into new industry segments, fair and equitable compensation and workplace policies, flexibility in operational decision making, review and discussion of competitors' policies to maintain market advantage, and ongoing interaction with both debt and capital markets. We feel these strategies reduce our business risk to an acceptable level which will allow Global Link to continue to grow and maximize shareholder value in the new millenium.

Future Prospects

As we approach the start of a new fiscal year and a new millenium, the management at Global Link International feel confident that the future of the Company is a bright one. There are many reasons for this confidence, some of which are outlined below;

a) Early indications are that fiscal 2000 will be a successful year with improved EBITDA and working capital.

b) General and administrative costs have been substantially reduced through staff reductions and consolidation of operations.

c) Upper and middle management have been significantly reorganized and are highly motivated to make the company profitable.

d) The oil and gas industry is experiencing an upsurge in prices and activity.

Given the above factors, we feel our confidence in the future prospects of the Company is well founded and we look forward to many successful and profitable years in the future.

MANAGEMENT'S REPORT

The accompanying financial statements of Global Link International Inc. are the responsibility of the management of the Company. The statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) outlined in the notes to the financial statements.

Management maintains appropriate systems of internal controls designed to provide reasonable assurance that all transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Audit Committee of the Board of Directors, which is comprised of a majority of directors who are not employees of the Company, has reviewed the financial statements with management and PricewaterhouseCoopers LLP. The Board of Directors approved the financial statements on the recommendation of the Audit Committee.

Derek M. Begin
President and Chief Executive Officer

Alan B. Smith, CA
Vice President, Finance

AUDITORS' REPORT

To the Shareholders of
Global Link International Inc.

We have audited the consolidated balance sheet of Global Link International Inc. as at June 30, 1999 and the consolidated statements of operations and deficit and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 1999 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The numbers presented for comparative purposes were reported on as at August 26, 1998 without reservation, by the previous auditors.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accounts
Calgary, Alberta
August 18, 1999

CONSOLIDATED BALANCE SHEETS

AS AT JUNE 30, 1999 AND 1998

	1999 $	1998 $
Assets		
Current assets		
Cash and term deposits	135,972	107,067
Accounts and notes receivable	626,525	1,013,333
Inventory	85,096	920,367
Deposits and prepaids	1,800	20,787
	849,393	2,061,554
Capital assets (note 4)	1,097,038	1,211,431
Deferred development costs (note 5)	159,180	358,996
Intellectual property (note 6)	3,890,364	4,359,925
	5,995,975	7,991,906
Liabilities		
Current liabilities		
Bank indebtedness (note 7)	467,100	251,000
Accounts payable	553,882	992,589
Interest payable	95,624	–
Income taxes payable	222,434	428,792
Current portion of long-term debt	23,285	20,028
	1,362,325	1,692,409
Long-term debt	3,881	26,740
Deferred income taxes	–	11,621
Preferred shares (note 8)	–	4,250,000
Convertible debentures (note 8)	3,052,298	–
	4,418,504	5,980,770
Shareholders' Equity		
Equity portion of convertible debentures (note 8)	1,071,202	–
Capital stock (note 9)	3,414,100	3,214,653
Deficit	(2,907,831)	(1,203,517)
	1,577,471	2,011,136
	5,995,975	7,991,906

Commitments (note 13)

Approved by the Board of Directors

Director

Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999 $	1998 $
Sales	4,977,042	5,361,087
Direct costs	1,289,584	2,026,273
	3,687,458	3,334,814
Expenses		
General and administrative	3,828,299	2,156,327
Amortization – deferred development costs	76,401	70,034
Amortization – intellectual property and capital assets	839,063	528,257
	4,743,763	2,754,618
(Loss) income before the following	(1,056,305)	580,196
Loss on disposal of capital assets	(27,140)	–
Loss on sale of InfoScript software	(195,952)	–
Dividends on preferred shares	(257,164)	(174,794)
Interest on convertible debentures	(152,937)	–
Other income	2,251	29,928
Write-off of goodwill related to Microlan Medical Business Systems Ltd.	–	(258,585)
	(630,942)	(403,451)
(Loss) income before income taxes	(1,687,247)	176,745
(Recovery of) provision for income taxes (note 10)		
Current	–	433,052
Deferred	(11,621)	11,621
	(11,621)	444,673
Net loss for the year	(1,675,626)	(267,928)
Deficit – Beginning of year	(1,203,517)	(749,824)
Interest on equity portion of convertible debentures	(28,688)	–
Dividends	–	(185,765)
Deficit – End of year	(2,907,831)	(1,203,517)
Loss per common share, basic (Note 11)	(0.09)	(0.01)

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999 $	1998 $
Cash provided by (used in)		
Operating activities		
Net loss for the year	(1,675,626)	(267,928)
Dividends on preferred shares deducted from income	257,164	174,794
Items not affecting cash		
(Recovery of) provision for deferred income taxes	(11,621)	11,621
Interest on convertible debentures – accretion of liability portion	86,000	–
Amortization – deferred development cost	76,401	70,034
Amortization – intellectual property and capital assets	839,063	528,257
Loss(gain) on sale of capital assets	27,140	(5,386)
Loss on sale of InfoScript	195,952	–
Write-off of goodwill related to Microlan Medical Business Systems Ltd.	–	258,585
	(205,527)	769,977
Net change in non-cash working capital items – net of effects of acquisition of subsidiaries	380,033	(764,844)
	174,506	5,133
Financing activities		
Dividends on preferred shares	(257,164)	(174,794)
Proceeds from bank loan	216,100	251,000
Repayment of long-term debt	(19,602)	(22,350)
Repayment of preferred shares	(4,250,000)	–
Issuance of convertible debentures	2,966,298	–
Equity portion of convertible debentures	1,071,202	–
Issue of common shares	212,500	165,000
Share issuance costs	(13,053)	(124,900)
Issue of shares on acquisition of subsidiaries	–	1,630,000,
Proceeds on issue of preferred shares	–	4,250,000
Interest on equity portion of convertible debentures	(28,688)	–
	(102,407)	5,973,956
Investing activities		
Purchase of capital assets	(29,612)	(556,536)
Proceeds on sale of capital assets	30,145	50,876
Proceeds on sale of InfoScript software	262,500	–
Development costs incurred – InfoScript software	(306,227)	(144,812)
Acquisition of subsidiaries – net of cash acquired	–	(5,341,902)
	(43,194)	(5,992,374)
Increase (decrease) in cash	28,905	(13,285)
Cash – Beginning of year	107,067	120,352
Cash – End of year	135,972	107,067

NOTES TO FINANCIAL STATEMENT

1. **Nature of business**

The Company is a public Company incorporated under the Business Corporations Act (Alberta) on December 23, 1993. The shares were listed on the Alberta Stock Exchange as of June 1994. The business of the Company is to provide technology solutions for the oil and gas industry.

2. **Company history**

These consolidated financial statements include the operations of Global Link International Inc. and its wholly owned subsidiaries, Blizzard Resources Ltd. and Bearspaw Logging Services (1986) Ltd.

Effective October 10, 1997, Global Link International Inc. acquired all the issued and outstanding shares of Blizzard Resources Ltd. Then, effective December 31, 1997, Global Link acquired all the issued and outstanding shares of Bearspaw Logging Services (1986) Ltd.

As at June 30, 1998 the results of operations of these subsidiaries were included in the financial statements from the dates of acquisition which were accounted for using the purchase method.

A summary of the net assets acquired and consideration given is as follows:

	Blizzard Resources Ltd. $	**Bearspaw Logging Services (1986) Ltd.** $
Cash	22,190	109,670
Other current assets	794,659	282,020
Capital and other assets	790,643	276,854
Intellectual property	4,036,166	659,444
	5,643,658	1,327,988
Current liabilities	1,049,276	378,870
Long-term debt	620	69,118
Net assets acquired	4,593,762	880,000
Consideration given		
Cash	3,300,000	500,000
Shares	1,250,000	380,000
Acquisition costs	43,762	–
	4,593,762	880,000

Shares were valued at a deemed value of $1.00 per share for the Blizzard purchase and $1.30 per share for the Bearspaw purchase.

At July 1, 1998, the assets and liabilities of the two subsidiaries were transferred to the Company at book values. The two subsidiaries continued to exist as legal entities until their dissolution on October 15, 1998.

3. Significant accounting policies

a) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first in, first out basis

b) Capital assets

Capital assets are recorded at cost. Amortization is recorded at the following annual rates:

Computer equipment	30% declining balance
ETB equipment	30% declining balance
Logging equipment	30% declining balance
Field equipment – rental	20% declining balance
Office equipment	20% declining balance
Leasehold improvements	20% straight-line

Amortization is recorded at one half of the annual rate in the year of acquisition.

c) Deferred development costs

Deferred development costs relate to the development of the Electronic Tour Book which meet the requirements for deferral under generally accepted accounting principles. Costs include remuneration and consulting expenditures and are capitalized net of investment tax credits. The costs deferred are being amortized on a straight-line basis at 25% per annum commencing with commercial production on February 18, 1998. In the event the project is determined not to be commercially viable, all costs will be charged to income at that time.

Research costs are expensed as incurred.

d) Intellectual property

Intellectual property, representing the excess of the purchase price over the fair value of the net assets acquired, plus acquisition costs, is being amortized on a straight-line basis over ten years.

e) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENT *(Cont'd)*

4. Capital assets

			1999
	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	699,957	334,184	365,773
ETB equipment	311,592	93,478	218,114
Logging equipment under capital lease	69,199	32,143	37,056
Logging equipment	303,057	157,605	145,452
Field equipment – rental	416,155	152,808	263,347
Office equipment	100,945	54,399	46,546
Leasehold improvements	29,643	8,893	20,750
	1,930,548	833,510	1,097,038

			1998
	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment – rental	778,572	206,080	572,492
Office equipment	92,391	43,512	48,879
Logging equipment under capital lease	69,199	16,262	52,937
Logging equipment	420,820	209,407	211,413
Field equipment – rental	483,774	184,743	299,031
Leasehold improvements	29,643	2,964	26,679
	1,874,399	662,968	1,211,431

During fiscal 1999, the company transferred $311,592 in ETB equipment from inventory to capital assets.

5. Deferred development costs

			1999
	Cost	Accumulated amortization	Net
	$	$	$
Electronic Tour Book	305,605	146,425	159,180

			1998
	Cost	Accumulated amortization	Net
	$	$	$
Electronic Tour Book	305,605	70,034	235,571
InfoScript for Windows	123,425	–	123,425
	429,030	70,034	358,996

During fiscal 1999 the company sold the Infoscript for Windows product.

6. Intellectual property

			1999
	Cost $	Accumulated amortization $	Net $
Blizzard Resources Ltd.	4,036,166	706,330	3,329,836
Bearspaw Logging Services (1986) Ltd.	659,444	98,916	560,528
	4,695,610	805,246	3,890,364

			1998
	Cost $	Accumulated amortization $	Net $
Blizzard Resources Ltd.	4,036,166	302,713	3,733,453
Bearspaw Logging Services (1986) Ltd.	659,444	32,972	626,472
	4,695,610	335,685	4,359,925

7. Bank indebtedness

Bank indebtedness consists of the following:

	1999 $	1998 $
Operating loan		
Maximum $500,000 facility bearing interest at prime plus 1.5% and repayable upon demand	404,000	–
Instalment loan		
This loan bears interest at prime plus 1.25% and is repayable in blended payments of $21,750 monthly	63,100	251,000
	467,100	251,000

Both loans are secured by accounts receivable and a general security agreement.

8. Preferred shares and convertible debentures

On December 15, 1997, the company issued Series A preferred shares to facilitate its acquisitions of Blizzard Resources Ltd. and Bearspaw Logging Services (1986) Ltd. 425,000 shares were issued at an issue price of $10.00 per share. The holders of the shares were entitled to receive cumulative fixed rate dividends of 8% per annum, to convert at any time, each share into 5 common shares and to redeem the shares at any time after January 1, 2001 for $10.00 plus all accrued and unpaid dividends. The Company could retract the shares at any time at $10.50 per share.

On April 1, 1999 the 425,000 preferred shares were exchanged for $4,250,000 of convertible debentures bearing interest at 9%, payable quarterly and maturing on December 31, 2002. The debentures are convertible into common shares, at any time, at the option of the debenture holder, for the conversion rate of $1.00 per common share. The Company has the option to fully or partially redeem the debentures at any time for the principal amount plus any accrued and unpaid interest to the date of redemption. In addition, 850,000 common shares were issued from treasury to the debenture holders at a price of $0.25 per common share at the date of the exchange.

A portion of the debenture has been credited to shareholder's equity to reflect the value of the conversion feature at the date of issue. As well, the debenture liability has been reduced and share capital has been increased by the value of the 850,000 common shares issued at the date of the exchange. Included in interest on convertible debenture is $86,000 representing accretion of the liability.

9. **Capital stock**

a) **Authorized**

Unlimited number of voting Class A common shares
Unlimited number of non-voting Class A common shares
Unlimited number of preferred shares, issuable in series
Unlimited number of non-voting preferred shares

b) **Issued**

	Common		Preferred	
	Number of shares	**Acount $**	**Number shares**	**Amount $**
Balance as at June 30, 1997	16,104,240	1,544,553	–	–
Issued – exercise of warrants	400,000	120,000	–	–
Issued – acquisitions	1,542,308	1,630,000	425,000	4,250,000
Issued – exercise of stock options	210,000	45,000	–	–
Share issue costs	–	(124,900)	–	–
Balance as at June 30, 1998	18,256,548	3,214,653	425,000	4,250,000
Issued – exchange of preferred shares (note 8)	850,000	212,500	–	–
Cancelled (note 8)	–	–	(425,000)	(4,250,000)
Issued from treasury – see (i)	100,000	–	–	–
Share issue costs	–	(13,053)	–	–
Balance as at June 30, 1999	19,206,548	3,414,100	–	–

i) In 1997, the Company received $35,000 for 100,000 common shares and the value of common stock was increased accordingly. During 1999, the Company issued these shares.

c) **Escrow**

Under the requirements of the Alberta Stock Exchange, 1,462,142 common shares relating to a previous acquisition are held in escrow. This investment has been sold and management is presently in discussion with the Alberta Stock Exchange as to the disposition of these shares.

d) **Stock options**

As at June 30, 1999 the company has reserved 1,211,250 (1998 – 1,355,000) common shares for issuance under its stock option plan. At June 30, 1999 options have been granted on 1,211,150 common shares exercisable at prices ranging from $0.20 to $0.95 over a period of five years.

e) **Warrants**

Each Series A preferred share included 2-1/2 warrants to purchase common shares for $2.50 each. Although the preferred shares were cancelled during the year, the warrants remain outstanding until December 15, 1999. At year end 1,062,500 warrants were outstanding.

10. Income taxes

At June 30, 1999, the Company has losses for tax purposes in the amount of $875,000 expiring between 2000 and 2007, tax pools in excess of the net book values of the related assets of approximately $88,000 and investment tax credits in the amount of $69,800 expiring between 2002 and 2007. The benefit of these losses, tax pools and investment tax credits has not been recognized in these financial statements. The current income tax provision in 1998 arose from income taxes paid by the Company's subsidiaries. These subsidiaries were dissolved on October 15, 1998.

11. Loss per common share

Basic loss per common share is calculated using the weighted average number of shares outstanding for the year. For purposes of the calculation, the weighted average number of shares outstanding was 18,516,137 (1998 – 17,201,911).

Fully diluted earnings per common share figures have not been presented as any effect is antidilutive.

12. Segmented information

The Company operates substantially in one business segment, providing technology solutions and service to the oil and gas service industry within Western Canada.

13. Commitments

The aggregate minimum payment in each of the next two years for the Company's equipment and premises leases are as follows:

	$
2000	125,388
2001	63,953
2002	757
	190,098

14. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

15. Financial instruments

The Company's financial instruments that are included in the balance sheet are comprised of cash, accounts receivable, accounts payable, bank indebtedness, long-term debt and convertible debentures.

a) **Interest rate risk**

The increase or decrease in net earnings as a result of each one percent change in interest rates on floating debt outstanding at June 30, 1990 amounts to nil.

b) Credit risk

A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal credit risks.

c) Fair values

The fair values of the Company's financial instruments do not differ significantly from their carrying values.

16. Subsequent events

a) In August 1999, the Company approved the issuance of 228,790 common shares at a price of $0.22 per share in settlement of $50,334 in interest owing on the convertible debentures.

b) Subsequent to year end, a statement of claim in the amount of $170,000 has been filed by a former employee of the Company. The financial impact on the Company is currently not determinable and it is management's intention to vigorously defend the action.

GLOBAL LINK
INTERNATIONAL INC

CORPORATE INFORMATION

Board of Directors

Derek M. Begin
Cochrane, Alberta

Donald D. Copeland
Calgary, Alberta

Larry Nachshen
Montreal, PQ

Garry A. Smith
Calgary, Alberta

Officers

Derek M. Begin
President and Chief Executive Officer

Jan M. Campbell
Corporate Secretary

Operations Management

Alan B. Smith, CA
Vice President of Finance

Terry Phillips
Sales Manager

Graeme Craigon
Manager, Systems Development

Don Campbell
Operations Manager

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Stock Exchange

Alberta Stock Exchange
Trading Symbol: GNL
High 52 weeks: $ 0.60
Low 52 weeks: $ 0.15
Volume: 1,992,830

Legal Council

Pro Venture Law
Calgary, Alberta

Auditors

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